

EUROPEAN ECONOMY

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Recent economic trends

*In this number :
Quarterly national accounts
fourth quarter 1984*

Acceleration of growth in the fourth quarter of 1984. — According to estimates based on data for the four largest Member States, the gross domestic product of the Community grew in the fourth quarter of 1984 by 4,5 % in real terms — seasonally adjusted annual rate — on the previous quarter. Although this rate of growth is only marginally above the third quarter figure, the fact that the third quarter represented a period of catch up from the strike distorted second quarter increases the relevance of the fourth quarter estimate, the highest recorded for a number of years¹. In contrast to the third quarter the impact of the foreign balance was neutral and it was a rise of 4,5 % in total domestic demand which boosted Community growth. All components of demand picked up significantly with investment in particular accelerating to 8,5 % at annual rates.

In the *Federal Republic of Germany* gross national product grew by 5,8 % at an annual rate in the fourth quarter, after the recovery (9,8 %) in the third quarter from the strike in the metal industry. Exports grew very rapidly (23 %) after the 18,6 % increase in the previous period which more than compensated for the decline of 9,4 % in the second quarter. However as imports too accelerated to 16,3 %, after their restrained level earlier in the year, the foreign balance contributed somewhat less to growth (2,9 percentage points) than previously (5,5). Domestic demand rose by 3 %, somewhat less than in the previous three months, the main dynamic element being the continued increase of fixed investment which grew by 14,2 %, after the 20,8 % recovery in the third quarter from the more depressed figures of the earlier part of the year. Public consumption grew by 6,4 % and stockbuilding contributed a little to growth. Only private consumption which declined by 2,2 % moderated the overall rise in domestic demand.

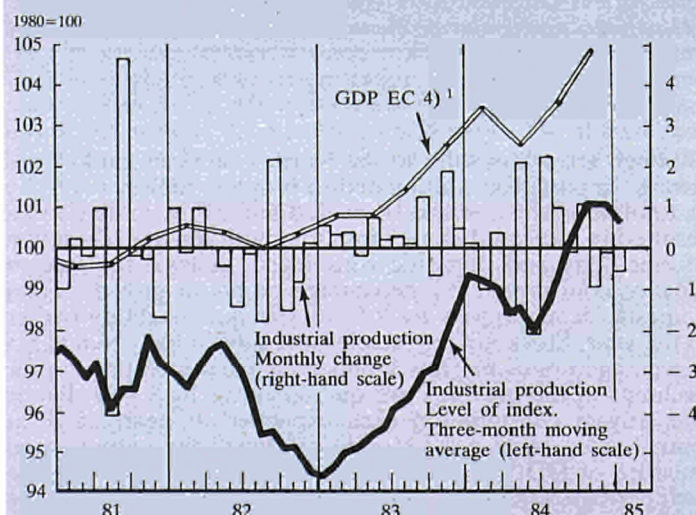
Gross domestic product in *France* grew by 2,4 % (at an annual rate) after a 3,9 % increase in the third quarter. Since the foreign balance exerted a negative effect on growth (1,7 percentage points) as imports took off rapidly (15 %) while the rise in exports decelerated to 7 %, it was total domestic demand which was the main motive force of growth. Stockbuilding added markedly to the expansion in output with a 2,3 percentage points contribution, principally reflecting a build up in agricultural stocks, but other components of final domestic demand were also buoyant. Of perhaps the greatest

interest was the turnaround in gross fixed investment showing a rise of 4,9 % after the declines in the previous four quarters. Private consumption too expanded (1,8 %) for the first time since the early part of 1984 but some decline (2 %) was recorded in government consumption.

In the *United Kingdom* a substantial recovery was registered in GDP (expenditure based measure) in the fourth quarter (12 %), after declines in the previous two quarters. Unusually all categories of expenditure shared in this expansion. Exports grew significantly (31,2 % at annual rates). Most categories of exports shared in this increase and the geographical destination of exports was broad based,

¹ However one cautious note should be recorded. Seasonal adjustment factors are open to some doubt.

GRAPH 1 : Industrial production and gross domestic product (s.a.) - EC total



¹ France, Germany, Italy and UK: quarterly figures

TABLE 1: Major supply and demand components at constant prices
(Percentage change on preceding period, annual rates: seasonally adjusted)

	GDP ¹	Imports ²	Exports ²	Foreign balance ²	Domestic demand	Change in stocks ³	Final domestic demand	Gross fixed investment	Government consumption	Private consumption
EC 4										
1981 Q3	0,8	13,0	14,3	0,4	0,4	-0,4	0,8	-4,2	3,5	1,6
Q4	2,3	4,0	8,0	1,1	1,3	3,0	-1,7	-9,9	-0,3	0,7
1982 Q1	1,5	9,1	-3,4	-3,2	4,9	3,4	1,4	2,4	3,3	0,6
Q2	-1,4	0,3	-4,1	-1,2	-0,2	-0,8	0,6	1,6	-1,1	0,8
Q3	-1,0	-5,2	-5,5	-0,1	-0,9	-1,3	0,4	0,8	0,5	0,3
Q4	1,3	-7,2	2,0	2,5	-1,2	-2,8	1,6	-1,0	1,2	2,6
1983 Q1	1,9	6,3	-1,2	-1,9	3,9	2,9	1,0	-0,5	1,6	1,4
Q2	0,6	2,7	4,7	0,5	0,1	-0,6	0,7	-2,1	1,9	1,2
Q3	2,8	2,9	2,7	-0,1	2,8	1,1	1,8	4,3	1,6	1,0
Q4	4,2	14,7	16,4	0,4	3,8	0,5	3,2	7,1	2,7	2,2
1984 Q1	3,3	5,0	8,3	0,9	2,4	1,1	1,3	5,8	-0,7	0,5
Q2	-3,2	2,5	-5,3	-2,2	-1,0	-0,2	-0,8	-10,7	2,5	1,7
Q3	4,4	3,9	12,5	2,2	2,1	0,8	1,3	6,6	1,8	-0,5
Q4	4,5	18,6	18,4	0,0	4,5	1,7	2,8	8,5	3,1	0,9
Federal Republic of Germany										
1982 Q3	-0,8	-3,4	-3,0	0,0	-0,8	1,0	-1,9	0,6	-2,5	-2,5
Q4	-0,6	-14,8	-5,6	2,7	-3,4	-5,0	1,9	4,6	-1,9	2,3
1983 Q1	0,5	4,1	-2,3	-1,9	2,6	0,8	1,8	-6,2	2,6	4,4
Q2	5,1	11,2	0,0	-3,0	8,7	4,2	4,2	14,3	0,6	2,1
Q3	0,5	2,7	-3,8	-2,0	2,7	3,1	-0,5	1,3	1,9	-2,0
Q4	6,3	13,7	21,0	2,6	3,8	0,0	3,9	14,4	3,9	0,2
1984 Q1	4,0	8,2	12,4	1,6	2,5	3,3	-0,9	-7,6	-3,8	2,7
Q2	-7,4	-5,3	-9,4	-1,7	-6,0	-3,9	-2,1	-17,2	6,6	0,9
Q3	9,8	1,7	18,6	5,5	4,2	-0,4	4,7	20,8	3,2	0,0
Q4	5,8	16,3	23,0	2,9	3,0	0,1	2,9	14,2	6,4	-2,2
France										
1982 Q3	-0,8	-4,0	6,4	2,5	-3,1	-3,2	0,0	-1,0	0,1	0,4
Q4	2,5	-2,0	12,8	3,4	-0,9	-2,5	1,6	-3,3	1,5	3,2
1983 Q1	-1,7	5,9	-13,0	-4,6	3,0	2,9	0,1	-0,5	3,4	-0,4
Q2	2,1	-13,6	15,8	7,3	-4,8	-4,0	-0,9	-9,0	0,9	1,3
Q3	0,3	-6,3	6,1	3,0	-2,6	-2,5	-0,1	3,0	1,9	-1,4
Q4	3,0	18,4	20,7	0,6	2,4	-0,1	2,5	-0,2	0,5	3,8
1984 Q1	3,8	2,0	-1,4	-0,8	4,7	3,5	1,2	-0,2	4,7	0,9
Q2	-2,1	2,6	-2,0	-1,1	-1,0	1,9	-3,0	-5,8	-3,5	-2,0
Q3	3,9	-3,2	15,7	4,6	-0,6	1,1	-1,7	-6,2	1,1	-0,9
Q4	2,4	15,0	7,0	-1,7	4,2	2,3	1,9	4,9	-2,0	1,8
United Kingdom⁴										
1982 Q3	-1,9	-13,9	-12,3	0,2	-2,1	-7,7	6,1	15,4	3,7	4,4
Q4	7,9	-2,0	8,3	2,7	5,2	0,0	5,2	2,8	4,9	6,0
1983 Q1	6,5	16,7	2,6	-3,1	10,0	7,1	2,6	6,2	2,3	1,7
Q2	-3,1	7,4	-3,5	-2,7	-0,4	-1,5	1,2	-11,5	2,8	4,6
Q3	7,2	5,0	2,8	-0,5	7,8	2,5	5,2	7,8	-0,4	6,5
Q4	2,6	17,8	13,4	-0,9	3,6	0,2	3,4	10,8	3,3	1,3
1984 Q1	2,8	-1,4	10,2	3,1	-0,2	-3,9	3,8	39,3	-3,3	-2,9
Q2	-3,8	15,2	-3,2	-4,6	0,8	0,2	0,6	-16,3	3,6	5,6
Q3	-1,8	6,6	2,7	-1,0	-0,8	1,0	-1,7	-1,0	0,9	-2,9
Q4	12,0	19,9	31,2	2,7	9,1	3,5	5,5	8,7	4,9	4,7
Italy										
1982 Q3	-0,8	0,3	-13,5	-3,5	2,8	4,6	-1,8	-9,7	1,9	-0,6
Q4	-4,2	-5,5	-1,4	0,8	-5,2	-3,0	-2,2	-10,0	1,4	-1,0
1983 Q1	3,7	0,2	10,8	2,5	1,2	1,6	-0,4	2,0	-2,9	-0,3
Q2	-3,3	4,9	12,9	2,0	-5,5	-2,8	-2,7	-6,5	3,8	-3,1
Q3	4,3	11,9	11,4	0,3	4,2	0,7	3,4	7,9	3,3	2,4
Q4	4,3	9,3	7,6	0,0	4,6	1,4	3,1	1,9	2,5	3,5
1984 Q1	2,2	10,2	9,8	0,3	1,9	0,0	1,9	5,6	1,7	1,0
Q2	2,6	2,5	-3,7	-1,5	4,4	1,7	2,6	0,9	1,5	3,3
Q3	4,4	12,6	10,1	-0,1	4,7	1,2	3,5	11,6	1,3	2,0
Q4	-2,3	24,7	8,7	-2,8	0,6	-0,1	0,7	3,9	1,3	-0,3

¹ FR of Germany: GNP.

² Goods and services; including intra-Community trade; FR of Germany: including factor incomes.

³ Change on previous period as a percentage of previous period's GDP.

⁴ The GDP series for the United Kingdom present the estimates from the expenditure side. The estimates from the output side give, for the period considered, substantially different results:

		1982				1983				1984			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP change estimated from the side of	Expenditure	4,4	-0,8	-1,9	7,9	6,5	-3,1	7,2	2,6	2,8	-3,8	-1,8	12,0
	Output	1,6	3,3	2,4	0,8	4,0	1,2	7,6	3,1	1,5	-0,8	3,5	3,4

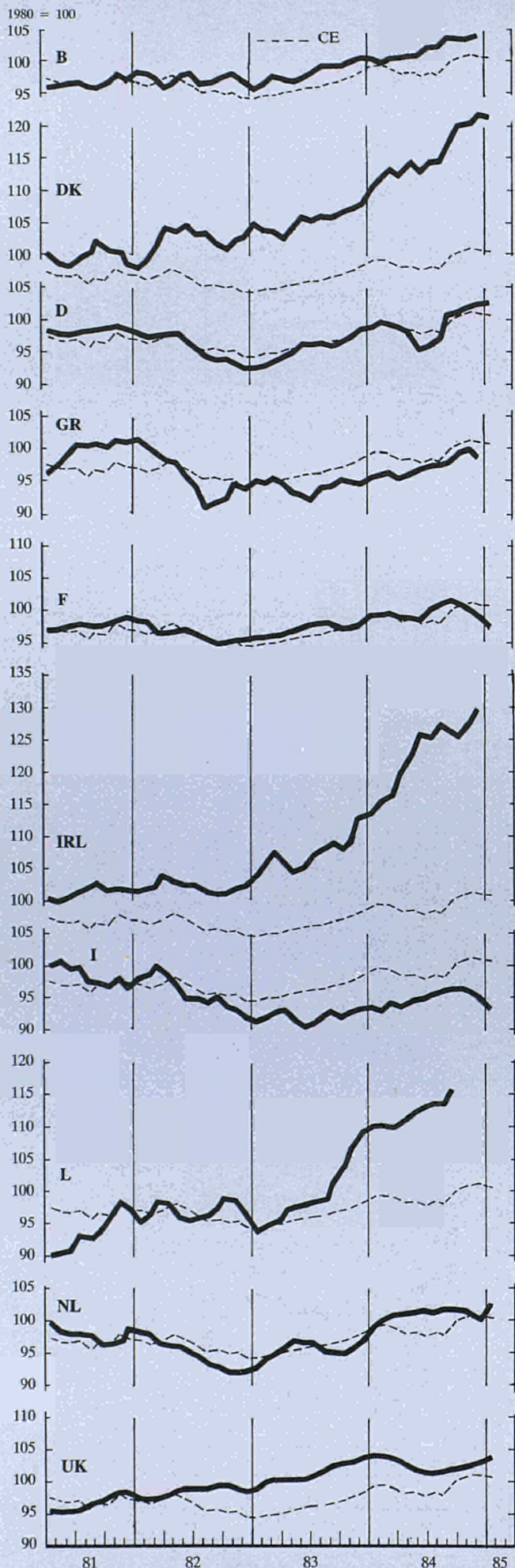
Source: Federal Republic of Germany (Bundesbank), France (INSEE), Italy (ISCO) and the United Kingdom (CSO). Figures for Germany do not include the adjustment for calendar irregularities.

although growth in sales to the North American market was strong. Imports too continued to progress rapidly (19,9 %) as total domestic demand recovered and as the miners' strike resulted in increased energy imports, both for the generation of electricity and domestic consumers. In total the foreign balance contributed 2,7 percentage points to growth. Total domestic demand grew by 9,1 % after quasi-stability earlier in the year. Stockbuilding accelerated substantially to add 3,5 percentage points to growth and gross fixed investment after declining in the previous two quarters grew by 8,7 %. Public and private consumption each expanded at nearly 5 % at annual rates. With a 3,4 % rate of growth the output-based measure of GDP however does not show such a favourable picture of growth in the fourth quarter as that indicated by the expenditure measure. The main factor depressing output was the decline registered in the construction sector.

In *Italy* gross domestic product in the fourth quarter, in contrast to the other three Community countries, fell back by 2,3 %. This was due to the very rapid acceleration in imports to 24,7 % which, when combined with a more modest growth of 8,7 % in exports, meant that the foreign balance exerted a negative effect of 2,8 percentage points on GDP growth. Domestic demand was subdued with only investment maintaining some dynamism (up 3,9 %). There was a marginal fall in private consumption, and stockbuilding, despite the rapid rise in imports, exerted a negative effect on growth.

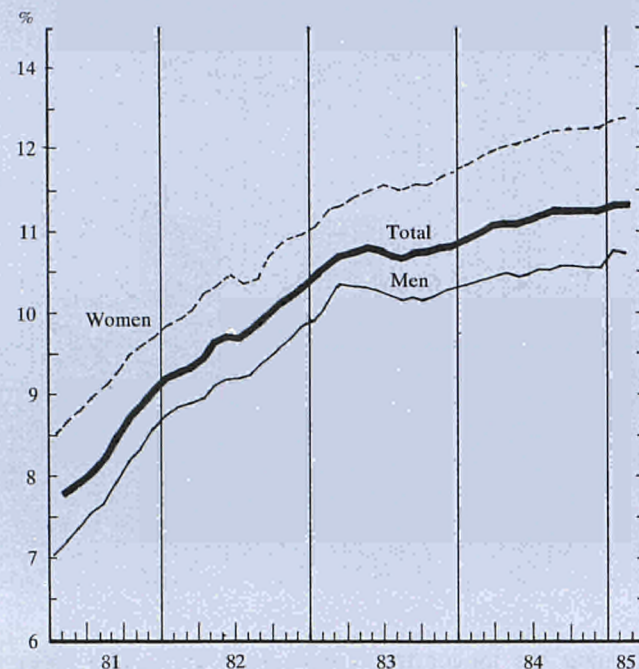
Bad weather influences industrial output. — The exceptionally cold spell at the beginning of the year has affected industrial output in the Community in January. Nevertheless, a rise in energy output has partially compensated for the losses incurred in manufacturing. In the Community as a

GRAPH 2 : Industrial production (s.a.)
(Three-month moving average)



GRAPH 3 : Unemployment (s.a.), EC 9

Number unemployed as %
of civilian labour force

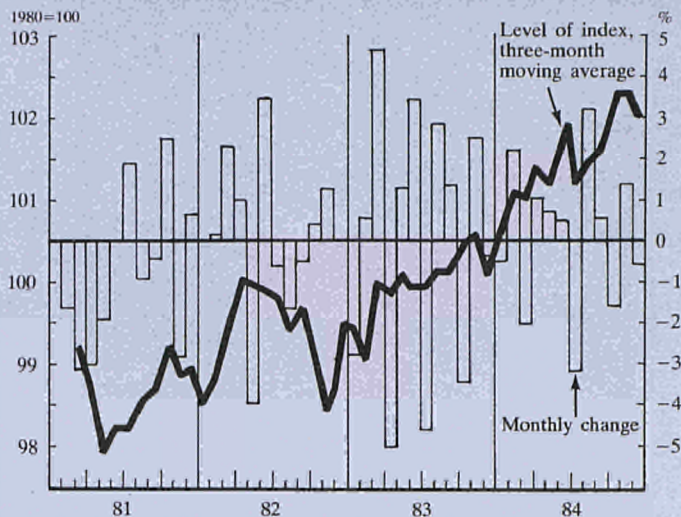


whole, industrial production accordingly declined by 0,6 % in January. The fall was particularly sizeable in Italy (−4,0 %) where the particularly severe weather disrupted roads and railways. In France industrial production fell by 1,6 %, while in Germany output was unchanged on the previous month. As a result of higher energy production, industrial output rose by 7 % in the Netherlands and by 1,3 % in the United Kingdom. Expectations of strikes in Denmark probably go some way to explain the expansion there. The Community's industrial output in January 1985 was only marginally up on the figure for January 1984; in Greece, France and Italy it was even lower than a year earlier.

Unemployment rate stable in February. — As expected, the bad weather meant that unemployment in February remained at the same high level, seasonally adjusted, as in January (11,4 %). There are five countries at present with unemployment rates above the Community average : Ireland (17,1 %), Belgium (14,4 %), the Netherlands (13,6 %), Italy (13,4 %), and the United Kingdom (12 %). Over the past six months there has been an improvement in the Netherlands, while the situation in Belgium and in the United Kingdom has stabilized. The rate of unemployment has continued to rise, on the other hand, in Ireland and Italy. Four countries record rates below the Community average : France (10,6 %), where the rate is tending to rise, Germany (8,5 %) and Luxembourg (1,7 %), where the deterioration is slowing down, and Denmark (9,3 %), where the clear trend is towards a decline in unemployment. In relation to February 1984, the number of those seeking jobs in the Community has increased by 4,7 %, although the figure declined over the twelve months to February in three countries : Denmark, the Netherlands and Luxembourg.

Community inflation higher. — Consumer prices in the Community in February 1985 rose by 0,6 % on the previous month, the same rate as in January and following a rise of only 0,2 % in December. On a seasonally adjusted basis the increase since December was less pronounced, but nonetheless the rate rose steadily from 0,4 % in December to 0,5 % in January and 0,6 % in February. The trend rate of inflation, measured as the seasonally adjusted annual rate over six months, edged up further to 5,9 % from 5,7 % in January. The degree of divergence in price changes within the Community, measured as the weighted standard deviation of inflation trends in each country, narrowed in February,

GRAPH 4 : Volume of retail sales (s.a.), EC-9



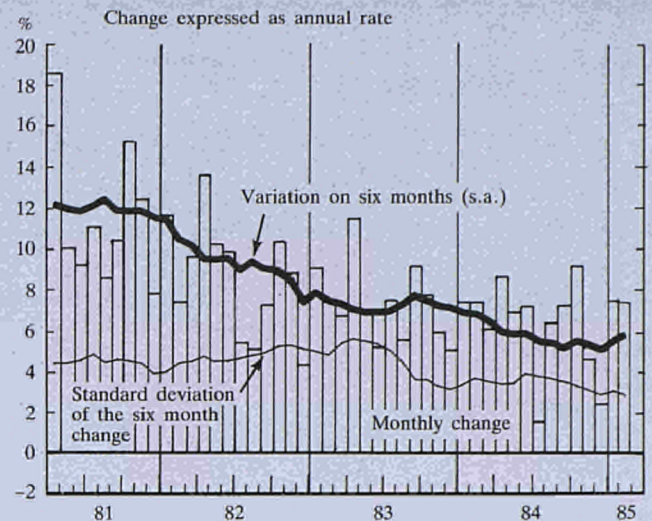
continuing the longer trend since June 1984. The index of consumer prices in the Community in February was 5,5 % higher than a year earlier with annual inflation rates ranging from 2 % in Luxembourg to 18,6 % in Greece.

Little movement in trade balance. — There was no great change through 1984 in the Community's deficit on visible trade, on a seasonally adjusted fob/cif basis, although the figures were inflated in the second quarter due to strikes in the early summer, but these were compensated for in the third and fourth quarters. Most recent developments show that the estimated deficit decreased from 2.397 million ECU in November 1984 to 1.200 million ECU in December but rose again in January to 2.850 million. Thus the two month's figures taken together would not seem to indicate any significant change in trend from the previous four months when the average monthly deficit amounted to 2.075 million. A three-month moving average of the monthly figures shows successive deteriorations up to November followed by an improvement in December while the January figure was back to the same level as November. Among the Member States, there was a progressive reduction in the German surplus from October 1984 to January 1985. In France the improvement in the deficit from October was halted in January, when the monthly deficit was over half that of the preceding quarter as a whole, principally due to a slower rhythm of aircraft exports. The steady deterioration of the United Kingdom's balance through the second half of 1984 appears to have levelled off at the end of the year while in Italy the past three months have seen deficits of substantial proportions.

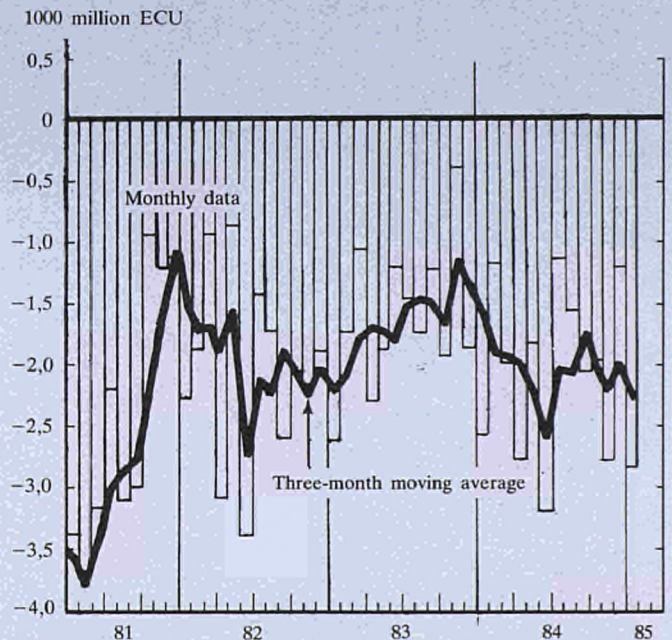
Sustained monetary growth in December. — Monetary growth remained sustained in December, with a Community average of 1 % as in November. The money supply was expanding faster in six Member States : Denmark, the Federal Republic of Germany, Greece, France, Ireland and Italy. However, the money supply contracted in the Netherlands and, owing to the settlement of transactions arising from the privatization of British Telecom, in the United Kingdom. The money supply also contracted in the fourth quarter of 1984 in Belgium, where monetary growth for 1984 was 5,7 %, compared with 8,7 % in 1983. In France, M_2^R expanded in 1984 (end-year to end-year) by 7,7 %, compared with 11,2 % in 1983. Calculated on the basis of centred quarterly averages, expansion was 7,1 %, just outside the target range of 5,5-6,5 %. In 1984, the Netherlands also recorded a slower rate of money creation, as M_2 expanded by 7,7 % compared with 10,4 % the previous year. Average monetary growth in the Community last year stood at 8,5 %, 1,6 points down on the 1983 figure.

Slight easing of average Community short-term interest rate. — The upward movement of short-term rates noted since the

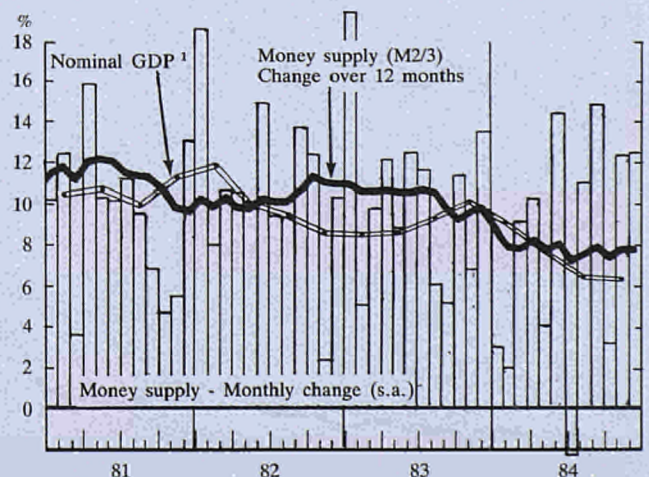
GRAPH 5 : Consumer prices EC 10



GRAPH 6 : Trade balance (s.a.) EC 9

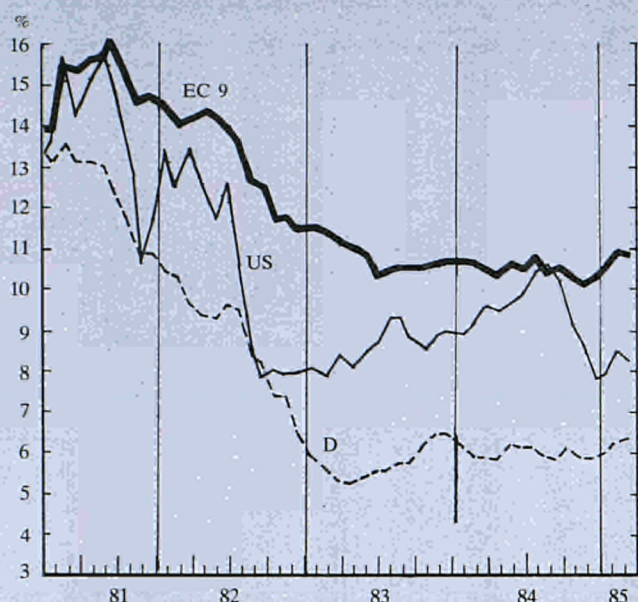


GRAPH 7 : Money supply (EC total) and nominal GDP (EC 4)

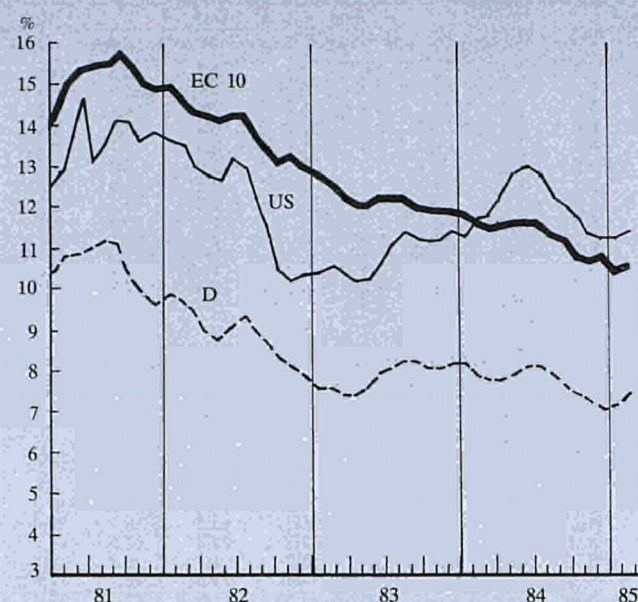


¹ Change over the same quarter of previous year.

GRAPH 8 : Short-term interest rates



GRAPH 9 : Long-term interest rates



beginning of the year has, more recently, been interrupted : by the end of March, the Community average had eased to 10,8 %, from 10,9 % at the end of February. The decline in the cost of money was marginal in France and the Netherlands, but more substantial in Ireland, in Italy and in the United Kingdom, where the banks twice lowered their base rates by half a point, bringing them down from 14 % to 13 %. Nevertheless short-term rates on the money market did not fall to anything like the end-January level in France, the Netherlands and the United-Kingdom. Rates were stable in Belgium, and, temporarily, slightly firmer in Germany. After a drop in February, Danish money market rates rose by almost 3 points as the banks reached the end of the first instalment of their credit facility with the central bank. In Greece, the interbank rate firmed up to 19,3 %. Average long-term interest rates in the Community rose by two tenths of a point in February to 10,6 %.

Pronounced weakening of the dollar in the second half of March. — The dollar weakened appreciably during the

second fortnight in March, declining against the ECU to its December level. The exchange rate of the ECU in dollars, expressed as an average for the month, was the same in March as in February, however. The change in trend has not affected currency relations within the EMS exchange-rate agreement : the relative positions of the currencies remained stable on the whole within the narrow band, although the Belgian franc replaced the Dutch guilder at the bottom of the grid late in March. The lira continued on the same downward path as in February, losing 2 % on average against the ECU, until the decline was interrupted towards the end of the month. Outside the exchange rate agreement, the drachma weakened considerably against the EMS currencies, while the pound consolidated its recovery, gaining 2,4 % against the ECU on average for the month.

16 April 1985

TABLE A.1: Industrial production¹ - Percentage change on preceding period (s.a.)

	1980	1981	1982	1983	1984	1983	1984				1984						1985	Change over 12 months ϵ^2
						IV	I	II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	
B	-1.3	-2.7	0	2.0	3.5	1.7	-0.5	0.9	2.4	0.3	-0.6	-1.0	5.1	-4.2	-0.1	4.8	:	8.4
DK	0.2	0	2.7	3.2	9.7	1.7	5.3	0	2.4	4.8	2.6	8.6	-6.4	8.8	-0.3	-5.1	4.4	9.6
D	0.2	-1.9	-2.9	0.6	3.0	2.6	1.1	-4.4	6.1	1.6	14.4	-1.6	0.8	1.3	0.5	-0.3	0	4.0
GR	0.9	-0.6	-4.2	-0.7	2.8	0.4	2.0	0.6	0.9	0.2	-0.8	1.3	0.9	3.1	-3.1	-5.5	:	-1.6
F	-0.7	-2.3	-1.5	0.8	3.1	-0.3	2.1	-1.3	3.1	-2.5	3.8	0	-2.2	0.8	-1.5	-2.3	-1.6	-2.8
IRL	-0.8	1.5	0	7.0	13.4	3.9	2.9	8.3	-3.4	6.7	-7.8	-3.6	8.3	-0.5	3.0	2.9	:	12.1
I	5.5	-1.6	-3.0	-3.2	3.1	0.4	1.3	0.6	1.8	-1.8	-1.2	1.5	1.2	-2.5	-1.2	0.5	-4.0	-2.7
L	-3.3	-5.7	2.3	5.4	:	7.8	0.4	2.7	2.3	:	1.6	-2.8	6.5	:	:	:	:	14.7
NL	-1.0	-2.0	-4.1	2.1	5.2	1.7	4.1	0.7	0	-1.3	-2.9	3.0	-1.0	-2.0	1.0	-1.0	7.0	8.3
UK	-6.7	-3.5	2.2	3.3	0.9	1.1	0.1	-2.1	0.3	1.2	-0.3	0.3	0.8	0.1	0.5	0.5	1.3	0.1
EC	-0.5	-2.3	-1.5	0.8	(2.8)	1.6	0.7	-1.1	2.3	(0.8)	2.3	1.0	-0.1	(1.2)	(-0.9)	(-0.1)	(-0.6)	(0.5)
USA	-4.5	2.5	-8.5	7.8	11.2	2.4	2.8	2.2	1.7	-0.2	0.9	0.2	-0.5	-0.3	(0.3)	(0.8)	(0.3)	(5.6)
JAP	4.7	1.0	0.3	3.6	11.1	2.9	3.2	2.8	1.5	2.8	0.3	0.7	-1.0	3.3	0.3	-0.7	(-0.2)	(8.6)

TABLE A.2: Unemployment rate - Number of unemployed as percentage of civilian labour force (s.a.)

	1980	1981	1982	1983	1984	1983	1984				1984					1985		Change over 12 months ϵ^2
						IV	I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
B	(9.1)	11.1	13.0	14.3	14.4	14.6	14.4	14.3	14.3	14.4	14.4	14.3	14.4	14.4	14.3	14.7	14.4	1.2
DK	6.7	8.9	9.5	10.2	(9.9)	10.1	10.2	10.0	10.0	(9.4)	9.9	9.8	9.9	(9.3)	(9.1)	(9.4)	(9.3)	(-6.3)
D	3.3	4.7	6.8	8.4	8.4	8.4	8.5	8.4	8.5	8.3	8.5	8.5	8.3	8.3	8.2	8.5	8.5	2.9
GR	6.4	7.8	8.8	9.0	10.1	9.1	9.6	10.0	10.2	10.6	10.2	10.3	10.5	10.6	10.7	10.8	10.6	10.0
IRL	8.2	10.2	12.2	14.9	16.3	15.5	16.1	16.3	16.4	16.6	16.4	16.5	16.4	16.6	16.7	16.9	17.1	8.3
I	8.0	8.8	10.5	11.9	12.8	12.2	12.6	12.9	12.8	13.1	12.9	12.8	12.9	13.1	13.2	13.3	13.4	7.5
L	0.7	1.0	1.3	1.5	1.7	1.7	1.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.7	1.7	-8.4
NL	6.2	8.8	11.7	14.0	14.3	14.6	14.7	14.6	14.3	13.8	14.5	14.2	14.0	13.8	13.5	13.5	13.6	-6.5
UK	(6.0)	(9.2)	(10.6)	11.5	11.8	11.5	11.7	11.7	11.8	11.9	11.8	11.9	11.9	11.9	11.9	12.0	12.0	4.3
EC ⁹	(6.0)	(7.8)	(9.4)	10.6	(11.1)	10.7	10.9	11.0	11.1	(11.2)	11.1	11.1	11.2	(11.2)	(11.2)	(11.4)	(11.4)	(4.7)
USA ⁶	7.1	7.6	9.7	9.6	7.5	8.5	7.9	7.5	7.5	7.2	7.5	7.4	7.4	7.1	7.2	7.4	:	-9.1
JAP ⁶	2.0	2.2	2.4	2.7	2.7	2.6	2.7	2.7	2.8	2.7	2.8	2.8	2.8	2.7	2.6	2.4	:	-0.3

TABLE A.3: Consumer price index - Percentage change on preceding period

	1980	1981	1982	1983	1984	1983	1984				1984					1985		Change over 12 months ϵ^2
						IV	I	II	III	IV	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
B	6.6	7.6	8.7	7.7	6.4	1.2	1.9	1.4	1.2	0.9	0.4	0.3	0.5	0	0.2	0.6	1.0	5.3
DK	:	11.7	10.1	6.9	6.3	2.0	1.5	1.8	1.0	1.4	0.4	0.7	0.4	0.7	-0.2	0.5	0.7	5.4
D	5.4	6.3	5.3	3.3	2.4	0.5	0.9	0.5	0	0.7	-0.2	0.1	0.6	0.2	0.1	0.6	0.4	2.3
GR	24.9	24.5	21.0	20.5	18.3	5.8	4.1	5.9	1.6	5.5	-0.5	2.9	2.5	1.2	1.4	2.3	-0.2	18.6
F	:	13.4	11.8	9.6	7.3	1.9	1.7	1.8	1.7	1.4	0.5	0.5	0.7	0.3	0.2	0.5	0.5	(6.4)
IRL ⁷	:	20.4	17.2	10.4	8.6	1.8	2.4	2.2	1.2	0.7	(0.4)	(0.2)	(0.2)	(0.2)	(0.6)	(0.6)	(0.6)	6.2
I	21.2	17.8	16.5	14.7	10.8	3.5	2.9	2.3	1.4	2.4	0.5	0.8	1.0	0.8	0.6	1.1	(1.0)	(9.0)
L	6.3	8.1	9.4	8.7	5.6	2.3	1.4	0.8	0.1	0.6	0.2	0	0.6	0.1	-0.4	0.3	0.6	2.0
NL	:	6.7	5.7	2.7	3.2	1.0	0.7	0.9	0.1	1.2	0.1	0.4	0.8	0.1	-0.1	-0.2	0.3	2.3
UK	18.0	11.9	8.6	4.6	5.0	1.1	0.6	2.0	0.9	1.2	0.9	0.2	0.6	0.3	-0.1	0.4	0.8	5.0
CE	:	11.7	10.1	7.6	6.3	1.7	1.5	1.6	0.9	1.5	0.4	0.4	0.7	0.4	0.2	0.6	(0.6)	(5.5)
USA	13.5	10.3	6.2	3.2	4.3	0.9	1.1	1.1	1.1	0.7	0.4	0.5	0.3	0	0.1	0.2	(0.4)	3.5
JAP	8.0	4.9	2.7	1.9	2.2	1.2	0.4	0.9	-0.2	1.2	-0.9	1.6	0.8	-0.6	0.2	0.5	-0.7	1.5

TABLE A.4: Volume of retail sales - Percentage change on preceding period (s.a.)

	1980	1981	1982	1983	1984	1983	1984				1984					1985		Change over 12 months ϵ^2
						IV	I	II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	
B	:	-3.3	-1.3	-7.8	-3.1	-3.7	1.6	-3.6	1.6	-1.3	2.4	-1.4	1.3	-1.2	0.7	-2.9	:	-2.2
DK	:	-0.6	1.7	1.6	3.0	-1.0	1.5	0.9	0.2	0.3	-0.4	-0.1	1.7	-1.4	1.8	-1.6	0.2	3.5
D	:	-1.5	-3.7	0.9	-0.2	-0.4	1.1	1.0	-0.8	-1.4	-0.8	1.3	-0.7	-0.2	-0.6	-2.6	6.7	5.2
GR	:	-3.6	-3.6	-1.5	4.5	-1.7	4.2	3.3	-1.4	-1.2	0.7	-5.1	3.9	-6.3	6.7	0.2	:	5.9
F	:	-2.2	1.3	-3.1	-5.0	-1.8	1.1	-3.4	-1.6	-2.2	-8.3	7.6	-0.9	-5.4	3.3	-1.9	2.8	-4.4
IRL	:	-0.6	-5.4	-4.0	:	2.0	-3.3	1.9	-1.6	:	-0.6	0.3	0.7	3.1	-1.8	:	:	-1.2
I ⁸	:	2.9	3.9	2.4	9.3	1.9	2.0	4.3	0.3	3.5	-4.2	5.6	2.0	-1.2	1.3	1.9	:	8.3
L ⁸	:	3.9	4.6	-4.9	-2.1	-1.2	1.0	-1.5	-1.5	1.0	-9.0	7.0	-1.3	-0.8	3.3	-5.0	:	-4.1
NL	:	-3.6	-2.9	-1.9	-2.7	-2.1	0	-1.5	0.6	-0.5	-7.0	7.9	-3.7	-1.6	5.2	-6.6	4.0	2.1
UK	:	0.4	2.1	5.3	3.8	1.4	-0.9	2.4	0.7	2.3	-0.3	-0.3	2.7	-0.6	0.7	2.3	-3.6	5.4
CE	:	-0.7	0.1	0.6	(1.2)	-0.1	0.9	0.8	-0.3	(0.4)	-3.1	3.2	0.6	-1.7	1.3	(-0.6)	:	(0.4)
USA	-2.9	1.2	-1.0	6.9	(8.3)	2.5	2.7	3.0	-1.3	(1.6)	-2.2	-1.0	1.3	0.2	1.5	(-0.3)	(0.6)	(3.0)
JAP ⁸	-1.1	1.8	0.7	0.9	(3.1)	-1.0	3.4	-1.5	(2.6)	(-2.5)	3.8	-1.6	1.9	(-3.2)	(-0.8)	(1.5)	(4.7)	(4.9)

TABLE A.5: Visible trade balance - fob/cif, million ECU (s.a.)

	1980	1981	1982	1983	1984	1983	1984				1984						1985	Change over 12 months %
						IV	I	II	III	IV	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	
B/L	-4993	-5418	-3082	-2435	:	-974	-1097	-1276	-1478	:	-373	-477	-628	(-604)	:	:	:	(-106)
DK	-2116	-1475	-1866	-740	-1108	-244	-377	-383	-188	-204	-75	-78	-34	-200	-25	21	-149	-20
D	3615	11239	21599	18501	24136	4053	5113	3846	5614	8377	1451	2142	2021	3257	2861	2260	2010	548
GR	-3853	-3951	-5826	-5800	:	-1550	-1239	-1011	-1146	:	-490	-478	-179	-438	-376	:	:	-36
F	-16948	-17283	-24457	-15628	-13130	-2507	-3977	-3332	-2450	-2736	-816	-782	-852	-1274	-897	-566	-1463	-10
IRL	-1893	-2467	-1574	-621	95	-139	-116	195	26	-32	103	-187	111	-94	-4	66	-38	25
I	-15307	-13554	-12513	-8516	-13868	-1562	-2201	-3872	-2230	-5163	-195	-1113	-921	-1296	-2730	(-1138)	-1781	-1384
NL	-2981	1320	3500	4499	4740	1099	796	1858	589	1419	251	234	103	416	560	444	:	(-42)
UK	-3353	-445	-3295	-9681	-14005	-2573	-2668	-3686	-3876	-3930	-912	-1298	-1665	-1720	-946	-1265	-902	-369
CE ⁹	-47829	-32033	-27515	-20422	(-24225)	-4558	-5834	-7810	(-5221)	(-5360)	(-1080)	(-2080)	(-2061)	(-1980)	(-2180)	(-1200)	(-2850)	(-198)
USA	-26113	-35538	-43518	-77969	-156288	-26373	-35850	-36190	-47638	-37319	-17889	-12705	-17044	-12610	-13320	-11389	:	-3196
JAP	-7707	7832	7034	23072	42499	6432	8662	10121	9698	14810	3239	1863	4596	4175	5613	5022	(5692)	(2747)

TABLE A.6: Money stock¹⁰ - Percentage change on preceding period (s.a.)

		1980	1981	1982	1983	1984	1983	1984				1984					1985		Change over 12 months %
							IV	I	II	III	IV	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
B	(M2)	2.6	5.8	5.7	8.7	5.7	2.7	3.0	1.6	1.5	-0.5	:	:	:	:	:	:	:	5.7
DK	(M2)	8.1	9.6	11.5	25.5	17.8	3.9	3.4	3.5	4.2	5.6	3.8	0.9	2.7	1.0	1.8	-0.6	0.6	15.0
D	(M3)	6.2	5.0	7.1	5.3	4.7	0.6	0.2	1.5	1.6	1.4	0.4	0.7	0.3	0.4	0.7	0.1	0.6	5.4
GR	(M3)	24.7	34.7	29.0	20.3	(29.1)	6.7	4.3	(7.5)	(5.8)	(8.8)	(2.0)	(1.0)	(2.6)	(2.7)	(3.3)	(1.5)	:	(29.4)
F	(M2R)	8.4	10.4	10.8	11.2	7.7	4.6	1.0	2.1	1.6	2.2	1.1	1.8	-0.4	0.2	2.4	:	:	7.7
IRL	(M3)	17.7	17.4	13.0	5.6	10.1	3.5	0	3.1	2.9	3.8	0.2	0.1	1.7	0.2	1.9	-0.5	-1.1	8.2
I	(M2)	12.7	9.9	16.9	13.3	12.1	2.9	1.9	2.1	3.4	3.1	1.0	1.3	0.9	0.6	1.6	:	:	12.1
NL	(M2)	3.8	5.3	7.6	10.4	7.7	1.6	0.3	3.4	2.6	1.1	1.5	0.2	-0.7	2.5	-0.7	:	:	7.7
UK	(£M3)	18.5	13.7	8.9	10.3	9.8	2.4	2.1	3.2	1.1	2.9	0.7	1.4	0.3	2.7	-0.1	0.6	0.5	10.1
EC ¹¹		10.4	9.4	10.4	10.1	(8.5)	2.4	1.2	(2.3)	(2.0)	(2.3)	(0.9)	(1.2)	(0.3)	(1.0)	(1.0)	:	:	(7.8)
USA	(M2)	8.9	10.0	9.4	11.7	:	2.2	1.5	1.9	1.5	:	0.4	0.6	0.5	1.2	:	:	:	7.5
JAP	(M2)	7.2	11.0	7.9	7.3	7.9	1.5	2.3	1.4	3.1	0.8	0.9	1.8	-0.8	0.8	0.8	0.5	:	7.8

TABLE A.7: Short-term interest rates¹²

						1984				1985	1984				1985			Change over 12 months %
	1980	1981	1982	1983	1984					I								
						I	II	III	IV		Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
B	14.2	15.6	14.1	10.5	11.5	12.4	11.9	11.0	10.7	10.7	11.0	11.0	10.8	10.7	10.7	10.7	10.7	-1.7
DK	16.9	14.9	16.4	12.1	11.5	11.4	11.7	11.3	12.0	12.0	11.3	11.0	11.4	12.0	11.4	9.2	12.0	0.6
D	9.5	12.3	8.8	5.8	6.0	5.8	6.1	5.8	5.8	6.3	5.8	6.1	5.8	5.8	6.0	6.2	6.3	0.5
GR	11.0	16.8	20.2	19.4	15.7	15.8	14.6	15.0	16.8	19.3	15.0	16.5	16.3	16.8	14.9	15.5	19.3	3.5
F	12.3	15.6	14.6	12.5	11.7	12.6	12.2	11.0	10.8	10.7	11.0	10.3	10.6	10.8	10.4	10.8	10.7	-1.9
IRL	16.2	16.6	17.5	14.1	13.3	13.0	12.4	13.0	15.0	13.9	13.0	13.3	14.9	15.0	14.7	14.7	13.9	0.9
I	17.6	20.0	20.1	18.1	17.2	17.4	16.9	17.7	17.0	15.6	17.7	17.3	17.1	17.0	16.1	16.2	15.6	-1.8
NL	10.6	11.8	8.3	5.7	6.1	6.1	6.2	6.2	5.7	6.9	6.2	6.0	5.9	5.7	6.4	7.1	6.9	0.9
UK	16.8	14.2	12.2	10.1	10.1	8.9	9.6	10.8	10.0	13.2	10.8	10.6	9.8	10.0	12.7	14.0	13.2	4.3
EC ¹³	13.4	15.0	13.2	10.8	10.5	10.5	10.5	10.5	10.2	10.8	10.5	10.3	10.1	10.2	10.5	10.9	10.8	0.3
USA	11.6	14.0	10.6	8.7	9.5	9.7	9.9	10.2	7.8	8.2	10.2	9.1	8.4	7.8	7.9	8.5	8.2	-1.5
JAP	10.9	7.4	6.9	6.4	6.1	6.0	5.9	6.3	6.4	:	6.3	6.2	6.1	6.4	6.2	6.2	:	0.1

TABLE A.8: Long-term interest rates¹⁴

	1980	1981	1982	1983	1984	1983	1984				1984					1985		Change over 12 months %
						IV	I	II	III	IV	August	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	
B	12.2	13.8	13.5	11.8	12.0	11.9	12.2	12.1	11.9	11.6	11.8	11.9	11.7	11.5	11.6	11.6	11.6	-0.8
DK	18.7	19.3	20.5	14.4	14.0	12.6	14.0	14.6	14.6	14.0	14.3	14.6	14.2	14.2	14.0	13.3	13.2	-0.2
D	8.5	10.4	9.0	7.9	7.8	8.2	7.9	8.1	7.6	7.0	7.9	7.6	7.4	7.2	7.0	7.1	7.4	-0.6
GR	17.1	17.7	15.4	18.2	18.5	19.7	19.6	18.3	16.4	17.9	17.5	16.4	17.3	16.4	17.9	18.3	18.4	-1.5
F	13.7	16.3	16.0	14.4	13.4	14.0	14.0	14.0	13.1	12.7	13.6	13.1	12.0	12.4	12.7	12.1	12.3	-1.6
IRL	15.4	17.2	17.0	13.9	14.6	14.2	14.1	14.6	15.0	14.9	15.0	15.0	15.0	15.3	14.9	14.5	14.7	0.5
I	16.1	20.6	20.9	18.0	14.9	17.4	15.4	14.9	14.5	13.9	14.3	14.5	14.6	14.4	13.9	12.3	12.4	-3.5
L	7.4	8.6	10.4	9.8	10.3	9.5	10.1	10.4	10.4	10.0	10.5	10.4	10.6	10.3	10.0	10.0	9.8	-0.2
NL	10.7	12.2	10.5	8.8	8.6	8.9	8.7	8.9	8.4	7.8	8.9	8.4	8.0	7.8	7.8	7.8	8.2	-0.5
UK	13.9	14.8	12.7	10.8	10.8	10.2	10.2	11.3	10.6	10.8	10.9	10.6	10.6	10.3	10.7	11.0	11.0	0.6
EC10 ¹³	12.7	14.9	14.0	12.2	11.4	11.9	11.5	11.7	11.1	10.8	11.4	11.1	10.8	10.7	10.8	10.4	10.6	-0.8
USA	10.8	12.9	12.2	10.8	11.2	11.4	11.9	13.0	12.0	11.2	12.2	12.0	11.7	11.3	11.2	11.2	11.4	-0.1
JAP	9.2	8.7	8.1	7.4	6.3	6.9	6.6	7.1	6.8	6.3	6.9	6.8	6.6	6.4	6.3	6.3	6.8	-0.1

TABLE A.9: Value of ECU - 1 ECU = ... units of national currency or SDR

	Change over																		
	12 months																		
	%																		
	1980	1981	1982	1983	1984	1984				1985	1984				1985				
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March		
BFR/LFR	40,60	41,29	44,68	45,44	45,44	45,90	45,59	45,25	45,01	44,66	45,20	45,19	45,01	44,54	44,52	44,68	44,80	-2,0	
DKR	7,83	7,92	8,15	8,13	8,15	8,18	8,20	8,15	8,04	7,96	8,12	8,07	8,06	8,00	7,95	7,96	7,97	-2,6	
DM	2,53	2,51	2,38	2,27	2,24	2,24	2,24	2,24	2,23	2,23	2,24	2,23	2,23	2,23	2,22	2,23	2,23	-0,2	
DR	59,24	61,62	65,30	78,09	88,44	84,90	88,46	88,83	91,57	91,97	89,13	91,42	91,94	91,35	90,69	90,77	94,45	7,4	
FF	5,87	6,04	6,43	6,77	6,87	6,90	6,87	6,87	6,84	6,81	6,88	6,85	6,84	6,84	6,81	6,80	6,81	-1,0	
IRL	0,676	0,691	0,690	0,715	0,726	0,728	0,730	0,726	0,719	0,715	0,723	0,721	0,720	0,716	0,714	0,715	0,715	-1,9	
LIT	1189	1263	1324	1350	1381	1382	1382	1380	1382	1382	1384	1383	1387	1376	1368	1376	1404	1,1	
HFL	2,76	2,78	2,62	2,54	2,52	2,53	2,52	2,53	2,52	2,52	2,53	2,52	2,52	2,52	2,51	2,52	2,52	0	
UKL	0,598	0,553	0,561	0,587	0,591	0,579	0,591	0,592	0,601	0,614	0,589	0,597	0,601	0,606	0,622	0,617	0,602	2,0	
USD	1,391	1,116	0,981	0,890	0,789	0,832	0,825	0,768	0,731	0,684	0,742	0,728	0,746	0,720	0,702	0,676	0,675	-21,6	
YEN	315,0	245,4	243,5	211,4	187,0	191,9	189,5	186,9	179,8	176,1	181,8	179,7	181,5	178,3	178,3	175,9	174,2	-10,1	
SDR	1,068	0,946	0,888	0,833	0,767	0,792	0,789	0,757	0,732	0,707	0,736	0,723	0,744	0,729	0,720	0,702	0,700	-13,4	

TABLE A.10: Effective exchange rates: export aspect¹⁵ - Percentage change on preceding period

	Percentage points																	Change over 12 months c _t			
	1980	1981	1982	1983	1984	1984				1985				1984					1985		
						I	II	III	IV	I	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March				
B/L	-0,5	-5,3	-9,2	-2,5	-1,8	-0,1	0,6	0	-0,3	0,1	-0,7	-0,3	0,7	-0,1	0,5	-0,7	-0,2	-0,9			
DK	-7,9	-6,8	-4,0	-0,1	-2,9	-0,5	-0,3	-0,5	0,4	0,3	-0,5	0,3	0,7	0,1	0,5	-0,8	-0,1	-1,2			
D	0,4	-5,2	5,1	4,2	-1,0	0,3	0,4	-1,4	-0,9	-0,7	-1,3	-0,1	0,7	-0,9	0	-0,6	0	-4,3			
GR	-13,5	-9,4	-7,3	-18,0	-14,4	-5,2	-4,1	-1,7	-4,2	-1,5	-1,0	-3,0	0	-0,2	0,3	-0,7	-3,7	-11,2			
F	0,4	-8,6	-8,0	-6,7	-4,2	-0,5	0,4	-1,2	-0,8	-0,4	-1,2	0	0,7	-0,8	0,1	-0,4	0	-3,3			
IRL	-2,0	-8,3	-1,1	-3,4	-3,6	-0,2	0,2	-0,7	0,4	0,1	-0,6	0,3	0,8	0,1	0,5	-0,9	-0,4	-1,5			
I	-3,7	-12,2	-6,7	-3,5	-5,3	-1,3	-0,1	-1,1	-1,5	-1,1	-1,4	-0,4	0,2	0,1	0,3	-1,2	-2,1	-5,8			
NL	0,1	-5,0	5,5	2,3	-1,5	-0,1	0,4	-1,2	-0,6	-0,8	-1,0	0	0,5	-0,7	0	-0,7	0,1	-3,4			
UK	10,1	1,1	-4,6	-7,0	-4,4	-1,6	-2,2	-1,8	-3,4	-3,6	-1,2	-2,0	0	-2,0	-3,3	0,2	2,7	-8,0			
ECU	2,2	-14,9	-5,5	-5,3	-8,2	-1,5	-0,5	-3,2	-3,3	-2,7	-3,0	-1,2	1,3	-2,0	-0,9	-1,5	0,2	-11,2			
USA	-0,3	14,0	12,1	7,1	8,9	0,8	1,0	6,3	3,2	6,2	3,1	1,3	-1,8	2,7	2,3	3,6	0,6	22,3			
JAP	-4,1	14,0	-4,8	11,5	6,6	2,2	1,3	-1,9	1,3	-0,6	1,0	0,3	0,2	0	-1,0	-0,1	1,3	0,1			

Principal economic policy measures — March 1985.

Community (EC)

11.3 The Council (Economic and Financial Affairs) carried out the first quarterly examination of the economic situation in the Community, on the basis of a Commission communication of 22 February (COM(85) 52 final). It concluded that there was no need at present to adjust the economic guidelines adopted with the Annual Report for 1984-85 in December 1984.

29 and 30.3 The European Council meeting in Brussels once again stressed the priority importance attached by the various Governments and by the Community to combatting unemployment through sustained economic growth of a type more suitable for job creation.

It stressed the importance of supplementing the economic strategy approved in Dublin last December, concentrating on four main issues:

- the achievement of a vast single market by 1992;
- encouragement for setting up and developing small and medium-sized undertakings;
- reorganization and adjustment of working conditions to take account of new social, economic and technological circumstances;
- continued specific action for the expansion of unemployment.

In line with the undertakings given at its March 1984 meeting in Brussels, the European Council decided to launch integrated Mediterranean programmes in favour of the more southerly regions of the Community in its present composition, in the framework of proposals put forward by the Commission. The purpose of these seven-year programmes will be to improve the economic structure of the regions concerned.

Belgium (B)

15.3 Government statement

A. *Updating of the 1985 budget* — The Government confirmed that the budget deficit would be limited, as originally planned, to BFR 485.000 million. Probable overshooting on the expenditure side (about BFR 30.000 million), identified when the budget was verified in February, will be offset by savings of an equivalent amount on other items of expenditure.

B. *Multiannual tax-reduction plan: 1986-1989* — Personal taxation and child benefits will be gradually adapted from 1986 to 1989.

Tax arrangements will involve:

- full indexation of tax brackets from 1987; in 1986, partial indexation up to 2 % will be applied;
- a four-stage reduction in rates by a total of 2.25 points;
- an increase in the minimum taxable income from BFR 100.000 to BFR 120.000, with corresponding adjustment of thresholds up to BFR 500.000;
- gradual extension of separate taxation arrangements applied to the aggregate income of households, and increase in eligible incomes.

Child benefits are to increase by 4,5 % (beyond indexation). The budgetary implications of the programme (at present prices, assuming an annual increase of 4 %) amount to about BFR 13.000 million in 1986 and BFR 76.000 million in 1987.

Parliament has approved the programme in principle, but the relevant draft laws are yet to be presented.

Denmark (DK)

31.3 Parliament adopted the Government proposals:

- to extend the collective wage agreement in the private and the public sector for another two year period with increases of 2 % in the first year and 1 ½ % in the second year. A fully compensated one hour cut in weekly worktime will take place in the private sector as from 1.12.1986 (1.1.1987 for public sector);
- to restrain any rise in profit margins and to freeze fees in liberal professions;
- to reduce employers' social contributions by an amount equal to 1 ½ % of the wage bill as from 1.10.1985;
- to raise corporate income tax from 40 % to 50 %;
- to impose compulsory savings of 8 % of personal taxable income (1984) over 150.000 DKr in non interest bearing accounts, redeemable in 1991-1992;
- to raise personal tax allowances and income brackets for 1986 by 2 %;
- to reduce mortgage loan limits, and to tighten conditions for consumer credits.

Federal Republic of Germany (D)

None.

Greece (GR)

8.3 The Governor of the Bank of Greece decided to double the amount available under ceilings on credit to commercial firms for the purchase of national craft products, from DRA 10 million to DRA 20 million. It was also decided that mixed undertakings (craft and commerce) could be financed on condition that least 30 % of this turnover was realized by processing involving value added of 40 % or more. The Governor announced that commercial banks could henceforth allocate 2 % of their deposits to loans for residential building, up to a limit of DRA 5 million for each borrower. This measure increases the amount available for building loans by 29 %.

France (F)

2.3 A decree published in the Official Journal of 2 March increased child benefits by 3,4 % from 1 January 1985.

4.3 The Ministry of Economy and Finance decided to authorize importers to take out forward cover for a maximum term of six months to pay for imports of goods invoiced in ECUs. Importers may henceforth insure against a change in the franc's value against the other currencies on exchange markets fixing a definitive rate up to six months ahead for the equivalent in francs of purchases in goods for all transactions denominated in ECUs.

8.3 Over the next three years, the Government will inject FF 30.000 million into the steel industry, starting with FF 10.000 million in 1985, through the steel intervention fund (FF 5.000 million) and capital endowments and loans in quasi-equity form (FF 5.000 million).

13.3 The breakdown of the budget allocation of FF 13.560 for capital endowments to nationalized groups in 1985 includes FF 3.000 million to Renault, FF 5.750 million to the steel industry and FF 2.750 million to electronics firms.

26.3 A decree changing the arrangements for paying registration duty on certain transfers of undertakings was published in the Official Journal of 24 March. From that date, the payment of inheritance duties on undertakings may be deferred for five years after the date on which it is due, and spread over a ten-year period thereafter. The new arrangements give legatees an extra five years in which to pay inheritance duties on undertakings.

Ireland (IRL)

8.3 The Central Bank published its credit policy statement for 1985. As in 1984 there will be no formal credit guideline — ceilings on the growth in credit advanced by individual banks to the private sector (non-Government), but instead an indicative target for growth in overall credit to this sector. The Bank considers that a growth of some 8 % is warranted in 1985 and is adopting this guideline not only for global private sector credit but also for bank lending to the personal sector and to hire purchase companies. Compared with 1984 this represents a somewhat easier credit policy stance.

Italy (I)

None.

Luxembourg (L)

None.

Netherlands (NL)

9.3 Under a new framework agreement with the Government, the *Nederlandsche Bank* must grant advances on Treasury bonds, to cover the Treasury's cash requirements from March 1985 to February 1986, of up to HFL 4.035 million. As previously, the amount concerned represents 3 % of budget revenue for the preceding year.

United Kingdom (UK)

19.3 The Chancellor of the Exchequer presented the budget for 1985/86 to Parliament. The main measures are: a reduction in personal income tax by means of a rise in the basic tax threshold in excess of the rate of inflation, offset to some extent by an increase in excise duties; the introduction of a graduated set of rates for National Insurance contributions by both employees and employers; the extension of the Youth Training Scheme and of the Community Programme. The net cost of the budgetary measures to the public sector borrowing requirement (PSBR), over and above the effects of inflation, is estimated at UKL 730 million for 1985/86. In the updated version of the medium term financial strategy, the projected level of the PSBR for 1985/86 (UKL 7 000 million) and the target ranges for monetary growth in 1985/86 (sterling M3: 5-9 %; M10: 3-7 %) are as indicated in last year's Budget.

Prices (excluding VAT) in Luxembourg

	ECU	BFR	IRL	LKL	USD	
„European Economy“ (4 issues per year)	33.06	1 500	23.90	19.50	25.00	The annual subscription runs from 1 January to 31 December of each year.
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Series B — 'Business and consumer survey results' (11 issues per year)	14.10	640	10.20	8.50	10.50	
Complete series of supplements	24.24	1 100	17.50	14.50	18.00	These are surface mail rates; for air subscription rates please apply to the agents
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